JUDGE BAER

13 CIV 214

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CHRIS BASNETT, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. LONGWEI PETROLEUM INVESTMENT HOLDING LIMITED, CAI YOUNGJUN, JAMES CRANE and MICHAEL TOUPS, Defendants.	Civil Action No. CLASS ACTION **COMPLAINT FOR VIOLATIONS OF FEDERAL SECURITIES LAWS** JURY TRIAL DEMAND

Plaintiff, by and through the undersigned attorneys, alleges the following upon information and belief, except as to those allegations concerning plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, plaintiff's counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Longwei Petroleum Investment Holding Limited ("Longwei" or the "Company"), with the United States Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by Longwei; and (c) review of other publicly available information concerning Longwei. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

SUMMARY OF THE ACTION

1. This is a securities class action on behalf of purchasers of Longwei common stock between May 17, 2010 and January 3, 2013, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Longwei Petroleum is a Shanxi, China-based energy company engaged in the wholesale distribution of finished petroleum products in the People's Republic of China (the "PRC"). The Company's oil and gas operations consist of transporting, storing and selling finished petroleum products, entirely in the PRC.

3. Plaintiff alleges that throughout the Class Period defendants made false and misleading statements and/or failed to disclose material adverse facts about the Company's business, operations and financial performance. Specifically, defendants misrepresented and/or failed to disclose that: (1) the Company exaggerated its November 2012 sales figures for its fuel depot storage facilities in Taiyuan and in Gujiao, Shanxi; (2) defendants failed to disclose a $32 million investment in a tourism business made by Longwei Petroleum's subsidiary, Shanxi Zhonghe Energy Conversion Co., Ltd.; and (3) as a result of the foregoing, the Company's statements regarding its business, operations and financial performance were materially false and misleading at all relevant times.

4. On January 3, 2012, a report published on the Internet by *GeoInvesting.com* alleged that Longwei has exaggerated its true financial performance by claiming substantial product sales from facilities that, in reality, were either idled or showed minimal activity. In addition, the report alleges that based on a comparison of Longwei's regulatory filings with Chinese authorities and the Company's 2011-2012 filings with the SEC, Longwei never disclosed a $32 million investment – out of a potential total commitment of $222 million -- in a tourism business made by Longwei's Shanxi Zhonghe Energy Conversion Co., Ltd. subsidiary.

5. Following this news, shares of Longwei plummeted $1.68 or 72% to a closing price of $0.62 per share on massive trading volume of more than 14.5 million shares traded.

6. As a result of defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, plaintiff and other Class members have suffered significant losses and damages

JURISDICTION AND VENUE

7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1331

9. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1391(b).

10. In connection with the facts and omissions alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

11. Plaintiff Chris Basnett purchased Longwei common stock during the Class Period, as detailed in the certification attached hereto, and was damaged thereby.

12. Defendant Longwei is a Colorado corporation with its principal place of business situated at No. 30 Guanghau Avenue, Wan Bailin District, Taiyuan City, Shanxi Province, China. Longwei common stock trades on the New York Stock Exchange ("NYSE") under the symbol "LPH."

13. Defendant Cai Yongjun ("Yongjun") is, and was at all times relevant hereto, the Company's Chief Executive Officer ("CEO").

14. Defendant James Crane ("Crane") was until June 16, 2010 and at times relevant hereto the Company's Chief Financial Officer ("CFO")

15. Defendant Michael Toups ("Toups") is, and has been since June 30, 2010, the Company's CFO.

16. The individuals named as defendants in ¶¶13-15 are sometimes referred to herein as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Longwei's press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company's press releases, alleged herein to be misleading, prior to or shortly after they were issued and had the ability and opportunity to prevent their dissemination or cause them to be corrected. Because of their positions and access to material non-public information available to them but not to the public, each of the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then materially false and misleading.

SUBSTANTIVE ALLEGATIONS

Defendants' False and Misleading Statements Issued During the Class Period

17. The Class Period begins on May 17, 2010. On that day the Company issued a press release titled "Longwei Petroleum Announces Third Quarter Fiscal Year 2010." Therein, the Company, in relevant part, stated:

> Longwei Petroleum Announces Third Quarter Fiscal Year 2010 Financial Results, Highlighted By Record Revenues, a 94.9% Increase in Sales and Adjusted EPS of

$0.15 for the Quarter and $0.37 for the Nine-Month Period. The Company Affirms 2010 and 2011 Full Year Guidance

PR Newswire

TAIYUAN CITY, China, May 17

TAIYUAN CITY, China, May 17 /PRNewswire-Asia-Firstcall -- Longwei Petroleum Investment Holding Ltd. (OTC Bulletin Board: LPIH; "Longwei" or the "Company") transports, markets and sells finished petroleum products in the People's Republic of China ("PRC"). Longwei announced its financial results for the third quarter ended March 31, 2010. Summary financial data is provided below (in millions, except EPS and share data):

Third Quarter Highlights

-- Revenues for the fiscal year 2010 third quarter totaled $96.9 million, up from $49.7 million achieved in the third quarter of 2009, representing an increase of $47.2 million, or 94.9%

-- Adjusted Net Income for the third quarter increased 99.7% to $13.3 million with Adjusted EPS of $0.15 above and beyond the Adjusted Net Income of $6.7 million and Adjusted EPS of $0.09 achieved in the same period a year ago

-- Revenues generated at the Gujiao facility totaled $29.3 million for the third quarter

-- Revenues generated at the Taiyuan facility totaled $67.6 million for the third quarter, an increase of 36.0%.

-- The company reaffirms its previously stated guidance for the fiscal year 2010 financial results projecting Revenue for the fiscal year ending June 30, 2010 of $310.8 million with Adjusted Net Income of $40.3 million and GAAP Net Income of $20.3 million. The projection for Adjusted EPS is $0.45 and GAAP EPS
is $0.13, respectively.

-- The company reaffirms its previously stated guidance for the fiscal year 2011 financial results projecting Revenue for the fiscal year ending June 30, 2011 of $494.7 million with Adjusted Net Income of $73.0 million and GAAP Net Income of $57.3 million. The projection for Adjusted EPS is $0.71 and GAAP EPS is $0.56, respectively

Nine-Months Ended March 31, 2010

-- Revenues for the nine months ended March 31, 2010 totaled $227.5 million up from $147.8 million achieved in the same period a year ago, an increase of 53.9%

-- Adjusted Net Income for the nine months increased 47.5% to $30.8 million with Adjusted EPS of $0.37

-- Revenues for the first nine months generated at the Gujiao facility totaled $37.8 million

-- Revenues for the first nine months generated at the Taiyuan facility totaled $189.7 million, an increase of 28.3% over the nine-month period a year ago

-- Inventory and Advances to Suppliers (Refinery Partners) for future inventory purchases increased 77.5% to $87.5 million

	Third Quarter Ended March 31,	
	2010	2009
Revenues	$96.9 M	$49.7 M
Gross Profit	$19.5 M	$9.7 M
Adjusted Net Income	$13.3 M	$6.7 M
GAAP Net Income	$12.1 M	$6.7 M
Adjusted Basic EPS	$0.15	$0.09
GAAP EPS	$0.14	$0.09

	Nine Months Ended March 31,	
	2010	2009
Revenues	$227.5 M	$147.8 M
Gross Profit	$45.1 M	$31.3 M
Adjusted Net Income	$30.8 M	$20.9 M
GAAP Net Income	$15.7 M	$20.9 M
Adjusted Basic EPS	$0.37	$0.27
GAAP EPS	$0.08	$0.27

Mr. Cai Yongjun, the Chairman and Chief Executive Officer of Longwei, stated: "Through March 31, 2010 we have generated substantial sales at the Gujiao facility, totaling $37.8 million. Our Gujiao deliveries continue to increase and I am most pleased with the 19% gross margin, an increase of 3% over the prior reporting quarter, generated at the Gujiao facility during this last quarter. We generated our first agency fee revenues at Gujiao during the recent quarter and also benefited from some timely purchases of additional inventory. Additionally, we purchased a significant amount of inventory leading up to the recent price increase announced by the PRC government on April 14, 2010 and should see the full benefit of the price increase during the fourth quarter."

Third Quarter 2010 Results of Operations

Revenues

Revenues for the three months ended March 31, 2010 were $96.9 million as compared to $49.7 million for the three months ended March 31, 2009. The increase of $47.2 million, or 94.9%, was primarily due to sales to new customers, including sales generated by the new Gujiao facility totaling $29.3 million. Additionally, the average sales price per metric ton of product the Company sold has been steadily increasing in recent quarters and as compared to the previous fiscal year, on a year-to-date basis.

Costs of Sales

Costs of sales for the three months ended March 31, 2010 were $77.4 million as compared to $40.0 million for the three months ended March 31, 2009. The increase of $37.4 million, or 93.2%, was primarily due to sales to new customers, including sales generated by the new Gujiao facility. The Company's gross profit was 20.1% and 19.5%, respectively, for the three months ended March 31, 2010 and 2009. The average cost per metric ton of product the Company purchases has been steadily increasing in recent quarters and as compared to the previous fiscal year, on a year-to-date basis. However, we are benefitting from some timely purchases of inventory and are generating slightly higher margins as a result of these purchases.

Operating Expenses

Operating expenses for the three months ended March 31, 2010 amounted to $1.4 million as compared to $0.7 million for the three months ended March 31, 2009.

The increase of $0.7 million was primarily due to the increased administrative costs from the Gujiao facility, one-time stock issuances for compensation and an increase in consulting fees paid in cash. Repairs and maintenance expense is likely to increase in future reporting periods as a result of the initial operations of the Gujiao facility.

Net Income

Net income for the three months ended March 31, 2010 was $12.1 million as compared to $6.7 million for the three months ended March 31, 2009, due to the reasons set forth above. In accordance with GAAP, the Company recorded a noncash expense to record the change in the fair value of derivatives. The financial instruments classified as derivatives consisted of stock warrants issued in connection with the October 2009 Financing and 285,714 previously outstanding stock warrants issued in February, 2009. If the noncash adjustment had not been necessary to record, the Company's net income would have been $13.3 million, which would represent net income growth of 99.7% for the three

months ended March 31, 2010 as compared to the three months ended March 31, 2009.

Basic and Diluted Income Attributable to Common Shareholders per Share

The Company's basic net income attributable to common shareholders per share was $0.14 and $0.09 for the three months ended March 31, 2010 and 2009, respectively. In accordance with GAAP, the Company recorded a noncash expense to record the change in the fair value of derivatives of $1.2 million for the three months ended March 31, 2010. The financial instruments classified as derivatives consisted of stock warrants issued in connection with the October 2009 Financing and 285,714 previously outstanding stock warrants issued in February, 2009. If the noncash adjustment had not been necessary to record, the Company's net income would have been $13.3 million and basic net income attributable to common shareholders per share would have been $0.15 for the three months ended March 31, 2010. The Company recorded a total of $0.2 million in cash dividends payable to the Investors who participated in the October 2009 Financing for the three months ended March 31, 2010. There was no noncash adjustment for the adjustment to the fair value of the Company's stock warrants during the nine months ended March 31, 2009.

The Company's diluted net income attributable to common shareholders per share was $0.10 and $0.08 for the three months ended March 31, 2010 and 2009, respectively. A total of 25,942,126 shares of common stock are potentially issuable to the holders of the Series A Preferred Stock, the holders of the Investor Stock Warrants and the holders of the Placement Agent Stock Warrants.

The Series A Preferred Stock is perpetual in nature and is convertible to common stock on a 1 for 1 basis at any time, and without further cash payments by the Investors. All stock warrants outstanding as of March 31, 2010 are convertible at any time upon payment of $2.255 per warrant by the Investor or can be exercised on a cashless basis subject to a calculation whereby the total shares to be delivered to the Investor will be reduced by the effective exercise cost of the stock warrant.

Nine Months Ended March 31, 2010

Revenues

Revenues for the nine months ended March 31, 2010 were $227.5 million as compared to $147.8 million for the nine months ended March 31, 2009. The increase of $79.7 million, or 53.9%, was primarily due to sales to new customers, including sales generated by the new Gujiao facility totaling $37.8 million. Additionally, the average sales price per metric ton of product the Company sold has been steadily increasing in recent quarters and as compared to the previous fiscal year, on a year-to-date basis.

Costs of Sales

Costs of sales for the nine months ended March 31, 2010 were $182.4 million as compared to $116.6 million for the nine months ended March 31, 2009. The increase of $65.8 million, or 56.5%, was primarily due to sales to new customers, including sales generated at the new Gujiao facility. The Company's gross profit was 19.8% and 21.1%, respectively, for the nine months ended March 31, 2010 and 2009. The average cost per metric ton of product the Company purchases has been steadily increasing in recent quarters and as compared to the previous fiscal year, on a year-to-date basis.

Operating Expenses

Operating expenses for the nine months ended March 31, 2010 amounted to $2.8 million as compared to $2.9 million for the nine months ended March 31, 2009. The decrease of $0.1 million, or 2.5%, was primarily due to the curtailing of administrative costs in order to focus resources on the new Gujiao facility's buildout. Operating expenses for the remainder of the fiscal year ended June 30, 2010 should be more substantial. Repairs and maintenance expense is likely to increase in future reporting periods as a result of the initial operations of the Gujiao facility.

Net Income

Net income for the nine months ended March 31, 2010 was $15.7 million as compared to $20.9 million for the nine months ended March 31, 2009. In accordance with GAAP, the Company recorded a noncash expense to record the change in the fair value of derivatives. The financial instruments classified as derivatives consisted of stock warrants issued in connection with the October 2009 Financing and 2.7 million previously outstanding stock warrants issued in February, 2009 and December, 2007. If the noncash adjustment had not been necessary to record, the Company's net income would have been $30.8 million, which would represent net income growth of 47.5% for the nine months ended March 31, 2010 as compared to the nine months ended March 31, 2009.

There was no noncash adjustment for the adjustment to the fair value of the Company's stock warrants during the nine months ended March 31, 2009.

Basic and Diluted Income Attributable to Common Shareholders per Share

The Company's basic net income attributable to common shareholders per share was $0.08 and $0.27 for the nine months ended March 31, 2010 and 2009, respectively. In accordance with GAAP, the Company recorded a noncash expense to record the change in the fair value of derivatives of $15.5 million for the nine months ended March 31, 2010. The financial instruments classified as

derivatives consisted of stock warrants issued in connection with the October 2009 Financing and 2.7 million previously outstanding stock warrants issued in February, 2009 and December, 2007. The Company also recorded a noncash adjustment to the net income attributable to common shareholders to reflect a deemed dividend of $8.6 million during the nine months ended March 31, 2010.

The deemed dividend is a result of the calculation of the estimated additional compensation awarded to the investors who participated in the October 2009 Financing. The estimated additional compensation is calculated by multiplying the number of shares of common stock that the Series A Preferred Stock is convertible into, or 13,499,274, by the difference between the fair market value of the Company's common on October 29, 2009, or $2.05, less the purchase price of the Series A Preferred Stock, or $1.10 per share. As a result of the Series A Preferred Stock being immediately convertible into common stock, the deemed dividend is a one-time nonrecurring adjustment to earnings per share and does not result in any mark to market adjustment, expense, or adjustment to the Company's basic and diluted income attributable to common shareholders per share in any future reporting period. If these noncash adjustments had not been necessary to record, the Company's net income would have been $30.8 million and basic net income attributable to common shareholders per share would have been $0.37 for the nine months ended March 31, 2010. The Company also recorded a total of $0.4 million in cash dividends payable to the Investors who participated in the October 2009 Financing for the nine months ended March 31, 2010. There was no noncash adjustment for the adjustment to the fair value of the Company's stock warrants or to reflect a deemed dividend during the nine months ended March 31, 2009.

The Company's diluted net income attributable to common shareholders per share was $0.07 and $0.26 for the nine months ended March 31, 2010 and 2009, respectively. A total of 25,942,126 shares of common stock are potentially issuable to the holders of the Series A Preferred Stock, the holders of the Investor Stock Warrants and the holders of the Placement Agent Stock Warrants.

The Series A Preferred Stock is perpetual in nature and is convertible to common stock on a 1 for 1 basis at any time, and without further cash payments by the Investors. All stock warrants outstanding as of March 31, 2010 are convertible at any time upon payment of $2.255 per warrant by the Investor or can be exercised on a cashless basis subject to a calculation whereby the total shares to be delivered to the Investor will be reduced by the effective exercise cost of the stock warrant.

Liquidity and Capital Resources

As of March 31, 2010, the Company's current assets were $124.4 million and current liabilities were $27.7 million. Cash and cash equivalents totaled $12.0 million as of March 31, 2010. The Company's shareholders' equity at March 31,

2010 was $140.9 million. The Company had cash (used in) provided by operating activities for the nine months ended March 31, 2010 and 2009 of $(1.7) million and $26.8 million, respectively. The Company used 85.0%, or $11.8 million of the gross proceeds from the October 2009 financing to directly advance a refinery partner for future inventory purchases. Total net advances to suppliers for the nine months ended March 31, 2010 totaled $38.2 million. The Company had net cash used in investing activities of $7.7 million and $25.8 million for the nine months ended March 31, 2010 and 2009, respectively. During the nine months ended March 31, 2010, the Company incurred $7.7 million in costs to refurbish and prepare the Gujiao facility in order for the facility to be fully operational as of January 1, 2010. The Company had net cash provided by financing activities of $13.9 million and $0 for the nine months ended March 31, 2010 and 2009, respectively. The Company closed private placements for $13.8 million and $0.8 million in net proceeds in October and July, 2009, respectively.

Mr. James Crane, Longwei's Chief Financial Officer, stated: "We have exceeded our internal forecasts for the quarterly reporting period ended March 31, 2010. Revenue growth during the third quarter was significant at Gujiao, which generated 41.1% of the revenues generated at Taiyuan in the prior reporting period ending December 31, 2009. Gujiao's success thus far is compelling but growth of 36.0% at Taiyuan is also quite impressive. We are pleased to report solid revenue and earnings growth at both of our facilities."

Financial Outlook for 2010

The company reaffirms its previously stated guidance for the fiscal year 2010 financial results projecting revenue for the fiscal year ending June 30, 2010 of $310.8 million with adjusted net income of $40.3 million and GAAP net income of $20.3 million. The projection for adjusted EPS is $0.45 and GAAP EPS is $0.13, respectively.

The company reaffirms its previously stated guidance for the fiscal year 2011 financial results projecting Revenue for the fiscal year ending June 30, 2011 of $494.7 million with Adjusted Net Income of $73.0 million and GAAP Net Income of $57.3 million. The projection for Adjusted EPS is $0.71 and GAAP EPS is $0.56, respectively.

* * *

18. Also on May 17, 2010 the Company filed with the SEC a quarterly report on Form 10-Q for the period ended March 31, 2010, which was signed by defendants Yongjun and Crane and reiterated the Company's previously announced financial results.

19. The Company's Form 10-Q also contained certifications pursuant to the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley" or "SOX"), which were signed by defendants Yongjun and Crane, who certified:

1. I have reviewed this Form 10-Q of Longwei Petroleum Investment Holding Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principals;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

20. On September 28, 2010 the Company issued a press release titled "Longwei Petroleum Announces Record Revenue and Earnings Results." Therein, the Company, in relevant part, stated:

> Management to Host Fiscal 2010 Earnings Conference Call Thursday, September 30, 2010 at 11 a.m. EDT
>
> PR Newswire
>
> TAIYUAN CITY, China, Sept. 29
>
> TAIYUAN CITY, China, Sept. 29 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the fiscal year ended June 30, 2010.
>
> Fiscal Year 2010 Financial Highlights: (Year-over-Year Results)
>
> -- Revenues increased 74% to $343.2 million
>
> -- Net Income increased 131% to $50.2 million
>
> -- EPS increased 39% to $0.39 per Fully Diluted Share

> -- Adjust EPS increased 61% to $0.45 per Fully Diluted Share
> (Adjusted net of derivative and financing expenses)
>
> -- Working Capital increased $56.0 Million or 72% to $134.2 Million
>
> "I am very pleased with our results for the 2010 fiscal year, especially the quick ramp-up of sales at our Gujiao facility in its first six months of operations," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "We exceeded our overall revenue guidance of $310.8 million by over 10%, and we generated $50.2 million in net income. We look forward to continued strong demand from both the industrial sector in our region, as well as strong consumer demand from the rapid rise in private automobile usage in China as a whole. We expect fiscal 2011 to be another record year as we continue to penetrate the market
> for our products and experience the benefits of a full year of revenue generation from the Gujiao facility."

* * *

21. On September 28, 2010 the Company filed with the SEC an annual report on Form 10-K for the fiscal year ended June 30, 2010. The Form 10-K was signed by defendants Yongjun and Toups, among others, and reiterates the Company's financial results announced in the September 29, 2010 press release. The Form 10-K contained certifications pursuant to SOX, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

22. On November 16, 2010 the Company issued a press release titled "Longwei Petroleum Announces Record Revenue and Operating Results." Therein, the Company, in relevant part, stated:

> Longwei Petroleum Announces Record Revenue and Operating Results for First Quarter Fiscal 2011
>
> Management to Host Earnings Conference Call on Wednesday, November 17, 2010 at 9 a.m. EST
>
> PR Newswire
>
> TAIYUAN CITY, China,, Nov. 16, 2010

TAIYUAN CITY, China, Nov. 16, 2010 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced record revenue and operating income for the three months ended September 30, 2010.

First Quarter Fiscal Year 2011 Financial Highlights: (Year-over-Year, 3-Month Results)

* Revenues increased 91% to $113.3 million, compared with $59.4 million

* Operating Income increased 86% to $20.5 million, compared with $11.1 Million

* Adjusted* Net Income increased 84% to $15.2 million, compared to $8.3 Million

* Adjusted* Basic EPS increased to $0.16 per share and Diluted EPS to $0.13 per share, compared to $0.10 per share (Basic and Diluted EPS) for the three months ended September 30 2010

* Net Income after $10.4 million non-cash charge for the change in the warrant derivative liability associated with the October 2009 financing decreased 32% to $4.8 million, compared to $8.3 million

* Basic GAAP EPS decreased to $0.05 per share and Diluted GAAP EPS to $0.04 per share, compared to Basic GAAP EPS of $0.09 and Diluted GAAP EPS $0.08 for the three months ended September 30, 2009

* Current assets increased 11%, or $15.3 million, to $159.3 million; no long-term debt

* Tangible book value was $186.3 million, or $1.63 per diluted share, as of September 30, 2010

* The new Gujiao fuel storage depot contributed $41.5 million in revenues for the first quarter(*Pro forma non-GAAP adjustment net of non-cash derivative charge)

"We experienced another record quarter of revenue growth and operating profits. The non-cash charge for the change in the warrant derivative liability related to our October 2009 financing and has no impact on our operations," stated Michael Toups, CFO of Longwei. "We have continued to improve our working capital management to enhance our inventory level flexibility and purchasing capability

> to react to changes in market prices. We are experiencing strong demand from our growing customer base."
>
> * * *

23. On November 15, 2010 the Company filed with the SEC a quarterly report on Form 10-Q for the period ended September 30, 2010. The Form 10-Q was signed by defendants Yongjun and Toups, and reiterates the Company's financial results announced in the November 16, 2010 press release. The Form 10-Q contained certifications pursuant to SOX, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

24. On February 15, 2011 the Company issued a press release titled "Longwei Petroleum Announces Financial Results for Second Quarter Fiscal 2011." Therein, the Company, in relevant part, stated:

> **2Q Revenue Reaches Record $120.2 Million**
>
> **Management to Host Earnings Conference Call Tuesday, February 15 at 11 a.m. EST**
>
> TAIYUAN CITY, China, Feb. 15, 2011 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the three months ended December 31, 2010.
>
> **Second Quarter Fiscal Year 2011 Financial Highlights: (Year-over-Year, 3-Month Results)**
>
> -- Revenues increased 69% to $120.2 million, compared with $71.2 million.
>
> -- Operating Income increased 69% to $22.1 million, compared with $13.1 million.
>
> -- GAAP Net Income Attributable to Common Shareholders increased to $14.1 million, compared to a net loss of $12.4 million.
>
> -- Basic EPS increased to $0.15 per share and diluted EPS to $0.12 per share, compared to a loss of $0.15 per share (basic and diluted EPS) for the three months ended December 31, 2009.

-- Non-GAAP* Net Income Attributable to Common Shareholders increased to $16.3 million, compared to $0.85 million.

-- Current Assets, net of the non-cash warrant derivative liability, increased 29%, or $39.0 million, to $175.3 million. The Company has no long-term debt.

-- Tangible book value was $206.5 million, or $1.81 per diluted share, as of December 31, 2010.

-- The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $69.1 million and $45.4 million, respectively. Agency fees contributed $5.6 million to revenues.

First Half Fiscal Year 2011 Financial Highlights: (Year-over-Year, 6-Month Results)

-- Revenues increased 79% to $233.5 million, compared with $130.6 million.

-- Operating Income increased 77% to $42.6 million, compared with $24.1 million.

-- GAAP Net Income Attributable to Common shareholders increased to $18.9 million, compared to a loss of $5.2 million.

-- Basic EPS increased to $0.20 per share and Diluted EPS to $0.17 per share, compared to a loss of $0.06 per share (Basic and Diluted EPS) for the three months ended December 31, 2009.

-- Non-GAAP* Net Income Attributable to Common Shareholders increased to $31.5 million, compared to $9.1 million.

-- The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $135.1 million and $86.9 million, respectively. Agency fees contributed $11.5 million to revenues.

(*Non-GAAP adjustment net of non-cash derivative charge)

"Our business has never been stronger, as demonstrated by our record revenue and earnings results," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "Revenues for the quarter were at an all-time high, and both our top and bottom lines showed very strong growth year-over-year. We recently renewed our supply contracts with fifteen major customers, and we plan to increase our storage capacity in the current calendar year to meet the constant growth in demand for fuel in China. We are very excited about the growth prospects in our regional market and fully expect to meet our previous guidance of at least $500 million in revenues and $70 million in net income (adjusted for non-cash warrant derivative liability charges) for the 2011 fiscal year."

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25. On February 14, 2011, the Company filed with the SEC a quarterly report on

Form 10-Q for the period ended September 30, 2010. The Form 10-Q was signed by defendants Yongjun and Toups and reiterates the Company's financial results announced in the February 15, 2011 press release. The Form 10-Q contained certifications pursuant to SOX, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

26. On May 17, 2011, the Company issued a press release titled "Longwei Petroleum Announces Financial Results for Third Quarter Fiscal 2011." Therein, the Company, in relevant part, stated:

> Tangible book value reaches record $2.35 per share
>
> Management to Host Earnings Conference Call Thursday, May 19 at 8:30 a.m. EDT
>
> TAIYUAN CITY, China, May 17, 2011 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the three months ended March 31, 2011.
>
> Third Quarter Fiscal Year 2011 Financial Highlights: (Year-over-Year, 3-Month Results)
>
> - Revenues increased 23.4% to $119.6 million, compared with $96.9 million.
> - Operating Income increased 27.1% to $23.0 million, compared with $18.1 million.
> - GAAP Net Income Attributable to Common Shareholders increased 122.0% to $26.4 million, compared to $11.9 million.
> - Basic EPS increased to $0.26 per share and diluted EPS to $0.26 per share, compared to $0.14 per share basic and $0.12 diluted EPS for the three months ended March 31, 2010.
> - Non-GAAP* Net Income Attributable to Common Shareholders increased to $17.2 million, compared to $7.9 million.

- Working capital, net of the non-cash warrant derivative liability, increased 39.6%, or $46.2 million, to $163.0 million. The Company has no long-term debt.

- Tangible book value was $235.8 million, or $2.35 per share, as of March 31, 2011.

- The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $63.1 million and $51.3 million, respectively. Agency fees contributed $5.2 million to revenues.

Nine Months Fiscal Year 2011 Financial Highlights: (Year-over-Year, 9-Month Results)

- Revenues increased 55.2% to $353.1 million, compared with $227.5 million.
- Operating Income increased 55.4% to $65.6 million, compared with $42.2 million.

- GAAP Net Income Attributable to Common shareholders increased to $40.7 million, compared with $6.7 million.

- Basic EPS increased to $0.42 per share and Diluted EPS to $0.40 per share, compared to $0.08 per share basic and $0.07 diluted EPS for the nine months ended March 31, 2010.

- Non-GAAP* Net Income Attributable to Common Shareholders increased to $48.8 million, compared to $22.2 million.

- The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $198.3 million and $138.1 million, respectively. Agency fees contributed $16.7 million to revenues.

(*Non-GAAP adjustment net of non-cash derivative charge)

"Our business continues to produce strong year-over-year top and bottom line growth," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "To meet the constant growth in demand for fuel in China, we are in the process of nearly doubling our capacity through the acquisition of the assets of Haujie Petroleum. As of the end of the third quarter our deposit paid has reached $32.8 million, and as previously disclosed, we intend to pay the remaining balance of the purchase price using a combination of cash on hand, bank and other financing, and working capital. If we are unable to secure favorable terms for debt or equity financing, we will complete the purchase using cash on hand. We are very excited about the growth prospects moving forward and fully expect to meet our previous guidance

> of at least $500 million in revenues and $70 million in net income (adjusted for non-cash warrant derivative liability charges) for the 2011 fiscal year."

* * *

27. On May 16, 2011, the Company filed with the SEC a quarterly report on Form 10-Q for the period ended March 31, 2011. The Form 10-Q was signed by Yongjun and Toups, and reiterates the Company's financial results announced in the May 17, 2011 press release. The Form 10-Q also included Sarbanes-Oxley required certifications, which were signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

28. On September 13, 2011, the Company issued a press release titled "Longwei Petroleum Announces Financial Results for Fiscal 2011." Therein, the Company, in relevant part, stated:

> Revenue up 40% to $481.6 Million, Adjusted Net Income up 44% to $68.0 Million
>
> Management to Host Earnings Conference Call Wednesday, September 14 at 10:00 a.m. EDT
>
> TAIYUAN CITY, China, Sept. 13, 2011 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the fiscal year ended June 30, 2011. Summary financial data is provided below:
>
> Fiscal Year 2011 Financial Highlights: (Year-over-Year Results)
>
> •Revenues increased 40% to $481.6 million, compared with $343.2 million.
>
> •Operating Income increased 42% to $91.7 million, compared with $64.4 million.
>
> •Non-GAAP* Net Income Attributable to Common Shareholders increased 44% to $68.0 million, compared to $47.2 million.
>
> •Non-GAAP* Basic Earnings per Share ("EPS") increased to $0.69 per share and Diluted EPS to $0.67 per share, compared to $0.55 per share basic and $0.50 diluted EPS for the fiscal year ended June 30, 2010.

•GAAP Net Income Attributable to Common Shareholders increased 52% to $62.5 million, compared with $41.1 million.

•Basic Earnings per Share ("EPS") increased to $0.64 per share and Diluted EPS to $0.61 per share, compared to $0.48 per share basic and $0.43 diluted EPS for the fiscal year ended June 30, 2010.

•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $269.7 million and $188.3 million, respectively. Agency fees contributed $23.5 million to revenues.

•Stockholders' Equity increased $83.9 million to $261.7 million, compared with $177.8 million

(*Non-GAAP adjustment net of non-cash derivative charge)

"We are pleased to report another year of record financial performance," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "Our operations remain strong, and we once again achieved robust year-over-year top and bottom line growth. Our Gujiao facility contributed nearly 40% of total revenues during fiscal 2011, its first full year of operations. We hope to replicate the success of the Gujiao acquisition with our upcoming Huajie Petroleum asset purchase, which will nearly double our storage capacity upon its completion. We have paid 81% of the total RMB 700 million (approximately $108.3 million USD) purchase price to date and expect to close the transaction during our second fiscal quarter. We firmly believe the Company is well positioned to capitalize on the continued rising demand for oil in China, and the addition of the new facility assets will further accelerate our revenue and earnings growth in fiscal 2012."

* * *

29. On August 8, 2011, the Company filed with the SEC an annual report on Form 10-K for the fiscal year ended June 30, 2011, which was signed by defendants Yongjun and Toups, among others, and reiterates the Company's financial results announced in the September 13, 2011 press release. The Company's Form 10-K also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

30. On November 9, 2011, the Company issued a press release titled "Longwei Petroleum Announces Financial Results for First Quarter Fiscal 2012." Therein, the Company, in relevant part, stated:

Tangible book value reaches record $2.85 per share

Management to Host Earnings Conference Call Thursday, November 10 at 10:00 a.m. EST

TAIYUAN CITY, China, Nov. 9, 2011 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the three months ended September 30, 2011.

First Quarter Fiscal Year 2012 Financial Highlights: (Year-over-Year, 3-Month Results)

•Revenues increased 4.7% to $118.6 million, compared with $113.3 million.

•Income Before Taxes increased 128.6% to $23.2 million, compared with $10.1 million.

•GAAP Net Income Attributable to Common Shareholders increased 272.6% to $17.8 million, compared with $4.9 million.

•Basic and Diluted Earnings per Share ("EPS") increased to $0.18 per share for the three months ended September 30, 2011, compared to $0.05 per Basic and Diluted Share for the three months ended September 30, 2010.

•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $58.2 million and $54.8 million, respectively. Agency fees contributed $5.5 million to revenues.

•Stockholders' Equity increased $20.7 million to $282.4 million, compared with $261.7 million.

"We are pleased to report another quarter of strong profitability," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "We carefully managed our cash flow to take advantage of declining international oil prices during the quarter by building our inventory position, while balancing the funding required to complete our purchase of the Huajie Petroleum assets. The Huajie Petroleum assets will add another 100,000 metric tons to our storage capacity and we believe will better position us to serve China's rising demand for petroleum products. By remaining focused on executing our growth strategy, we expect to deliver continued shareholder value improvement in fiscal 2012."

* * *

31. Also on November 9, 2011, the Company filed with the SEC a quarterly report on Form 10-Q for the period ended September 30, 2011. The Form 10-Q was signed by defendants Yongjun and Toups and reiterated the Company's previously announced quarterly financial results. The Form 10-Q also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

32. On February 9, 2012 the Company issued a press release titled Longwei Petroleum Announces Financial Results for Second Quarter Fiscal 2012." Therein, the Company, in relevant part, stated:

> Tangible book value reaches approximately $3.00 per share
>
> PRC raises retail gasoline and diesel prices
>
> Management to host earnings conference call Friday, February 10 at 10:30 a.m. EST
>
> TAIYUAN CITY, China, Feb. 9, 2012 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the three and six months ended December 31, 2011.
>
> Second Quarter Fiscal Year 2012 Financial Highlights: (Year-over-Year, 3-Month Results)
> •Revenues increased 5.2% to $126.4 million, compared with $120.2 million.
>
> •Income Before Taxes increased 34.5% to $20.6 million, compared with $15.3 million.
>
> •GAAP Net Income Attributable to Common Shareholders increased 58.7% to $15.2 million, compared with $9.5 million.
>
> •Basic and Diluted Earnings per Share ("EPS") increased to $0.15 per share for the three months ended December 31, 2011, compared to $0.10 per Basic EPS and $0.09 per Diluted EPS for the three months ended December 31, 2010.

•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $64.8 million and $56.3 million, respectively. Agency fees contributed $5.3 million to revenues.

•Stockholders' Equity increased $37.5 million to $299.2 million, compared with $261.7 million.

Six Months Fiscal Year 2012 Financial Highlights: (Year-over-Year, 6-Month Results)

•Revenues increased 4.9% to $245.0 million, compared with $233.5 million.

•Income Before Taxes increased 72.0% to $43.8 million, compared with $25.4 million.

•GAAP Net Income Attributable to Common Shareholders increased to $33.0 million, compared with $14.3 million.

•Basic EPS increased to $0.33 per share and Diluted EPS to $0.32 per share, compared to $0.15 per Basic EPS and $0.14 per Diluted EPS for the six months ended December 31, 2010.

•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $123.1 million and $111.1 million, respectively. Agency fees contributed $10.8 million to revenues.

"We delivered another quarter of solid operating results, highlighted by a 130% increase in net income year-over-year for the six months ended December 31, 2011," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "Given the demand for petroleum products in China, we expect revenue and earnings growth to increase as we enter the second half of our fiscal year. The Huajie Petroleum asset purchase, once completed, will provide an additional catalyst for potential growth by nearly doubling our storage capacity and expanding our footprint in central China. We believe our strong market position and proven business model will result in long-term sales and earnings growth."

"Our sales increased by $7.8 million or 6.5% between the first and second quarters of 2012, while our sales volume increased 9.7% during this period. During this timeframe we experienced some pressure on our margins from the impact of the increasing international price of crude oil and the retail price decrease implemented by the PRC in October 2011," stated Michael Toups, Chief Financial Officer of Longwei. "We pay market prices to our refinery suppliers and carefully manage our inventory levels to adjust to pricing fluctuations. During this timeframe we had volatility in both sales price and costs as the PRC tried to control the retail price of petroleum to cool inflation."

The cost basis of finished petroleum products fluctuates during the year due to the pricing mechanism in place in the PRC. The retail price of finished petroleum products is established by a PRC regulatory body, the National Development and Reform Commission ("NDRC"), under a formula based on the movement of international prices (a weighted basket of crude oil prices including Brent, Dubai and Cinta crudes), over a look-back period of 22 working days and generally resets when the weighted basket increases or decreases by 4%. The NDRC adjusts domestic finished oil prices by modifying the retail price of gasoline and diesel in all provinces, which has an upstream pricing effect over the wholesale price of finished oil products. The Company attempts to manage its costs by utilizing its storage capacity to adjust inventory levels based on the anticipated movement of industry pricing to take advantage of pricing, supply and demand fluctuations within the marketplace.

At December 31, 2011, the Company held more inventory "on-hand" to take advantage of additional product purchases during a period of fluctuating prices. During this time, the Company also increased its advances to suppliers to lock in pricing based on uncertainty associated with the international crude oil price fluctuations from tensions in the Middle East. The Company is continuously working to optimize its inventory turnover, which expands sales capacity based on increased inventory movement. In times of anticipated rising prices, the Company tries to lock in pricing and increase inventory on-hand prior to the PRC pricing mechanism adjusting the set retail price upwards. Longwei's supplier advance balance with refineries also allows the Company to lock in supply so that it can react quickly to purchases based on the timing of the PRC pricing level adjustments.

On February 8, 2012, the NDRC announced its first retail price increase since April 2011. The retail price of gasoline and diesel was increased by 300 yuan (approximately $48 USD) per metric ton.

"Given that China's inflation appears to be confirmed on a downward trend, we expect that policy makers will feel more comfortable allowing upward fuel price adjustments," wrote Soozhana Choi, Head of Asian Commodities Research at Deutsche Bank AG, in a report released on February 1, 2012. The government controls fuel costs to curb inflation, which cooled to a 15-month low of 4.1% in December 2011 (Bloomberg News, February 2, 2012).

"China may raise retail gasoline and diesel prices 15% in five separate increases to about $4.10 a gallon this year," Gordon Kwan, Head of Energy Research at Mirae Asset Securities Ltd. in Hong Kong, said in a December report.

2012 Financial Outlook

Based on forecasted volume improvement and expected price increases, the Company maintains its current guidance for fiscal 2012. The Company anticipates

> revenues of approximately $576 million with net income of approximately $78 million (adjusted net of non-cash warrant derivative liability expense) for the fiscal year ending June 30, 2012. The Company will update its fiscal 2012 guidance to reflect its purchase of the assets of Huajie Petroleum Co., Ltd. once the asset purchase is closed and online.
>
> The assets of Huajie Petroleum Co., Ltd. include commercial licenses, land use rights for 98 acres of land, 100,000-tonnage fuel tanks with accessory facilities and equipment, a special transportation railway line, and a 3,000-square-meter office building. To date Longwei has paid a RMB 550 million (approximately $86.5 million USD) deposit toward the total purchase price of RMB 700 million (approximately $110.1 million USD).
>
> "The Energy Information Administration projects that China's oil-product demand will grow 4.3% this year to reach 9.9 million barrels per day," stated Mr. Toups. "Rising car ownership and industrialization in the PRC continue to drive energy demand growth, creating an ideal climate for us to acquire new customers. The Huajie Petroleum asset purchase remains an important element in our expansion plans, and we are working to finalize the transaction as soon as possible."

* * *

33. Also on February 9, 2012 the Company filed with the SEC a quarterly report on Form 10-Q for the period ended December 31, 2011. The Form 10-Q was signed by defendants Yongjun and Toups and reiterated the Company's previously announced financial results. The Form 10-Q also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

34. On May 10, 2012 the Company issued a press release titled "Longwei Petroleum Announces Financial Results for Third Quarter Fiscal 2012." Therein, the Company, in relevant part, stated:

> Net Income increases 17.8% to $47.9 million for the nine months ended March 31, 2012 and Tangible Book Value reaches $3.16 per share
>
> Management to host earnings conference call Tuesday, May 15 at 10:00 a.m. EDT

TAIYUAN CITY, China, May 10, 2012 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the three and nine months ended March 31, 2012.

Third Quarter Fiscal Year 2012 Financial Highlights: (Year-over-Year, 3-Month Results)

•Revenues increased 8.1% to $129.2 million, compared with $119.6 million.
•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $60.6 million and $64.3 million, respectively. Agency fees contributed $4.4 million to revenues.

•Current Assets increased $48.2 million or 33.8% to $190.8 million at March 31, 2012, compared with $142.6 million at June 30, 2011. The Company also maintained a deposit of $87.0 million paid in cash generated through operations toward the purchase price of $110.1 million for the assets of Huajie Petroleum.

•Stockholders' Equity increased $54.3 million or 20.1% to $316.0 million at March 31, 2012, compared with $261.7 million at June 30, 2011.

Nine Months Fiscal Year 2012 Financial Highlights: (Year-over-Year, 9-Month Results)

•Revenues increased 6.0% to $374.2 million, compared with $353.1 million.

•Income Before Taxes increased 10.9% to $64.0 million, compared with $57.7 million.

•GAAP Net Income Attributable to Common Shareholders increased 17.8% to $47.9 million, compared with $40.7 million.

•Basic EPS increased to $0.48 per share and Diluted EPS to $0.47 per share, compared to $0.42 per Basic EPS and $0.40 per Diluted EPS for the nine months ended March 31, 2011.

•The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $183.7 million and $175.4 million, respectively. Agency fees contributed $15.2 million to revenues.

"Our two facilities continue to generate solid sales," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "Although rising fuel prices and the slow reaction of retail price increases implemented by the PRC impacted our

margins during the third quarter, our earnings remain strong and we are well positioned for growth. We are working to finalize the Huajie Petroleum asset purchase, which will add another 100,000 metric tons to our storage capacity. As the largest private fuel distributor in Shanxi Province, we will continue to benefit from China's growing demand for petroleum products."

Summary of Third Quarter Results of Operations

Revenues – During the third quarter ended March 31, 2012, Longwei's sales increased 8.1% to $129.2 million, up from $119.6 million in the third quarter of fiscal 2011. The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of $60.6 million and $64.3 million, respectively, during the third quarter.

During this period Longwei's product mix was approximately split between diesel (52%), gasoline (47%), and other petroleum products (1%) sales. The weighted average sales price per metric ton ("mt") of petroleum products sold increased approximately 16.0% to $1,226mt from $1,057mt during the three months ended March 31, 2012 and 2011, respectively. The increase in the price per mt of petroleum products was due to the increase in international crude oil prices and corresponding retail petroleum price increases set by the PRC. Between the two periods ended March 31, 2011 and 2012, the PRC increased retail petroleum prices four times, but decreased retail prices once in October 2011. The Company continues to allocate product sales between its two facilities to better serve its customer base.

Total sales volume for the three-month period ended March 31, 2012 dropped 5.9% to 101,856mt from 108,216mt for the three-month period ended March 31, 2011. The drop in volume was primarily due to rising fuel prices between the periods and the PRC's attempts to slow down economic growth. During this timeframe Longwei also declined certain sales opportunities to maintain its margins during a period of rising inventory costs, as well as carefully managed its cash flow due to the large deposit paid for the Huajie Petroleum assets. The deposit of $87.0 million has been paid from cash flow generated through operations.

Cost of Sales – Costs of sales increased by $11.9 million or 12.4% to $107.4 million for the quarter ended March 31, 2012 from $95.5 million for the quarter ended March 31, 2011. The increase in cost of sales was primarily due to the higher weighted average inventory costs during a period of rising international prices and the PRC's slow reaction to implement price increases. The PRC retail price was decreased in October 2012 and subsequently increased in February and March 2012 to more accurately reflect worldwide crude oil prices. The Company pays market prices to its refinery suppliers and carefully manages its inventory levels to adjust to pricing fluctuations. The three-month weighted average cost basis per mt of petroleum product the

Company sold increased by $172mt or 19.5% to $1,054mt in the three months ended March 31, 2012 from $882mt during the three months ended March 31, 2011.

Operating Expenses - Operating expenses for the third quarter totaled $913,000 as compared to $1.1 million for the third quarter of fiscal 2011. As a percentage of revenues, operating expenses decreased to 0.7% for the quarter ended March 31, 2012 from 0.9% for the quarter ended March 31, 2011. Operating income decreased 9.0% to $20.9 million during the third quarter of fiscal 2012, primarily due to the price increases in inventory and the slow adjustment of retail petroleum prices in the PRC.

Net Income - Net income decreased by $11.4 million or 43.4% to $14.9 million for the three months ended March 31, 2012 from $26.4 million for the three months ended March 31, 2011, primarily due to the increase in other income/expenses associated with the accounting for the non-cash warrant derivative liability charge. The non-cash expense charge for the change in the warrant derivative liability for the third quarter of 2012 was $733,177, compared to the non-cash income reported for the change in the warrant derivative liability of $9.2 million in the third quarter of 2011. The non-cash income and expense are accounted for in accordance with GAAP for the change in the fair value of the warrant derivative liability. Net income attributable to common shareholders decreased by $11.4 million or 43.4% to $14.9 million for the three months ended March 31, 2012 from $26.3 million for the three months ended March 31, 2011.

Net income for the nine months ended March 31, 2012 increased by $7.1 million to $47.9 million from $40.9 million for the nine months ended March 31, 2011.

EPS - The Company's basic and diluted GAAP earnings per share decreased $0.11 or 42.3% to $0.15 from $0.26 for the three months ended March 31, 2012 and 2011, respectively.

The Company's basic GAAP earnings per share increased $0.06 or 14.3% to $0.48 from $0.42 for the nine months ended March 31, 2012 and 2011, respectively. The Company's diluted GAAP earnings per share increased $0.07 or 17.5% to $0.47 from $0.40 for the nine months ended March 31, 2012 and 2011, respectively.

Liquidity and Capital Resources

Cash and cash equivalents totaled $6.9 million at March 31, 2012. As of March 31, 2012, the Company's current assets increased $48.2 million or 33.8% to $190.8 million at March 31, 2012 from $142.6 million at year-end June 30, 2011, primarily due to the increase in inventory and advances to

suppliers to take advantage of price fluctuations in international crude oil prices during the quarter ended March 31, 2012. The Company also maintained a cash deposit of $87.0 million for the purchase of the Huajie Petroleum assets.

The Company's current ratio is approximately 21:1 (current assets to current liabilities) and improves to approximately 42:1 including the deposit, but net of the fair value of the warrant derivative liability at December 30, 2011. Total current assets including the purchase deposit for the Huajie Petroleum assets as of March 31, 2012 were $277.8 million. The Company had no long-term debt as of March 31, 2012.

The average age of inventory increased to 50 days from 44 days during the nine months ended March 31, 2012 compared to the nine-month period ended March 31, 2011 to account for additional product purchases for on-hand inventory during a period of fluctuating prices to take advantage of refinery price drops in product cost by utilizing the Company's large storage capacity. During this time the Company also increased its advances to suppliers to lock in pricing based on uncertainty associated with the international price fluctuations and the impact of declining world economic conditions on international crude oil prices. The ratio of advances to suppliers to inventory increased to approximately 1.5:1 at March 31, 2012 from 1.1:1 at June 30, 2011, and the combined balance in both inventory on-hand and advances to suppliers increased $42.2 million or 38.7% to $151.5 million from $109.2 million during the nine-month period. The Company has used its working capital to increase inventory and product availability based on current changes in market price. The Company is balancing its working capital to take advantage of pricing opportunities, as well as balancing the funding required to complete the acquisition of the Huajie Petroleum assets.

Longwei entered into a letter of intent with Shangxi Jiangtong Chemicals Co., Ltd. ("Jiangtong") in March 2011 to acquire the assets of Jiangtong's wholly-owned subsidiary Huajie Petroleum Co., Ltd. ("Huajie"). The Company intends to acquire the assets of a fuel storage depot in northern Shanxi Province (located in Xingyuan, Shanxi), including fuel tanks with a 100,000-metric-ton storage capacity. The Company has paid a deposit of 550 million RMB (approximately USD $87.0 million) toward the full purchase price of 700 million RMB (approximately USD $110.8 million). The assets are non-operational with no revenue-producing history and include land use rights for 98 acres of land, 100,000 tonnage fuel tanks with accessory facilities and equipment, a special transportation railway line, and a 3,000-square-meter office building. The Company engaged a third-party independent valuation firm for the appraisal of the fair market value of the assets to be acquired. Longwei will account for the purchase of the proposed assets as an asset purchase. The Company intends to use its cash on hand and working capital

assets to finance the acquisition. Longwei is working with the seller and local officials to finalize the asset transfer.

2012 Financial Outlook

Based on slower volume sales and price fluctuations in international crude oil prices, as well as the PRC retail petroleum price fluctuations, the Company has adjusted its fiscal year end revenue and earnings guidance originally set in August 2011. The Company estimates it will generate revenues of approximately $520.0 million and net income of approximately $64.0 million (adjusted net of non-cash warrant derivative liability expenses) for the fiscal year ending June 30, 2012. The annual guidance is 8.0% ahead of last year's audited fiscal year end revenues of $481.6 million and in line with fiscal 2012 net income. Previous fiscal 2012 guidance was set before China's economy started slowing late last year following the PRC government's efforts to cool inflation and deflate a housing boom in the country. During this timeframe the Company also declined certain sales opportunities to maintain its margins during a period of rising inventory costs, as well as carefully managed its cash flow due to the large deposit paid for the Huajie Petroleum assets. The deposit of $87.0 million has been paid in cash generated through operations.

Economic indicators now show China's economic growth may have recently bottomed out and is starting to bounce back. A government reading on the manufacturing sector has recently shown improvement, as has an Organization for Economic Cooperation and Development ("OECD") forecast of future economic activity. OECD is an index of leading indicators and has estimated that China's economy has "regained momentum." According to UBS economist Tao Wang, "Looking ahead, there are already signs of stabilization and improvement." The Chinese government is now aiming for economic growth of 7.5% in 2012, lower than its goal for last year of about 8%. The World Bank predicts the Chinese economy will slow to an 8.2% growth rate this year but rebound to 8.6% in 2013. (CNNMoney, April 13, 2012).

"The International Energy Agency expects China to account for almost half of the world's oil demand growth over the next five years," stated Michael Toups, Chief Financial Officer of Longwei. "We expect strong long-term revenue and earnings growth as China's increasing industrialization continues to drive demand for fuel products. To meet this demand, we are continuing to work toward the closing of the Huajie asset acquisition. We remain focused on executing our business strategy, and we believe our commitment to achieving strong operational results will result in improved shareholder value."

* * *

35. On May 10, 2012 the Company filed with the SEC a quarterly report on Form 10-Q for the period ended March 31, 2012. The Form 10-Q was signed by defendants Yongjun and Toups, and reiterated the Company's previously announced annual financial results. The Form 10-Q also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

36. On July 17, 2012 the Company issued a press release titled Longwei Petroleum Reports Fourth Quarter Revenues Up Approximately 6% Year-Over-Year to $136 Million." Therein, the Company, in relevant part, stated:

> Management Maintains Net Earnings Guidance of $64 Million for FY2012
>
> TAIYUAN, China, July 17, 2012 /PRNewswire-Asia-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE Amex: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today reported its revenues for its fourth quarter ended June 30, 2012 were up approximately 6% year-over-year to $136 million.
>
> For the 12-month period ended June 30, 2012, Longwei reported its unaudited revenues were up approximately 6% year-over-year to over $510 million. During this period, the retail price of gasoline was adjusted by the National Development and Reform Commission ("NDRC"), the PRC's top economic planning organization, six times during a period of fluctuating international crude oil prices. The most recent retail price adjustments of gasoline in the PRC was downward twice during the fourth quarter, with adjustments in both May and June totaling RMB 860 per metric ton ("mt") (approximately US$136 per mt), or down 8.6% during the fourth quarter compared to the third-quarter high.
>
> "The cut is the steepest since the (PRC) government's current pricing system was introduced in December 2008 and is also interpreted as an attempt by Chinese authorities to contain inflation and stimulate consumption." (*China SZ Energy News, June 12, 2012*)
>
> LPH previously released guidance for FY2012 of $520 million (or 1.9% higher than actual) for the 12-month period ended June 30, 2012. The Company maintains its net earnings guidance of $64 million. "We are pleased that we are on track with our net earnings guidance for the year, despite the international crude oil price fluctuations," stated Michael Toups, CFO of Longwei. "We continue to manage our business to try to maintain our product profit margins. We have also

balanced our cash flow while maintaining an $87 million deposit for the Huajie Petroleum asset purchase and managing our inventory position. We estimate an organic growth rate of approximately 7% to 8% for our two existing facilities this year due to the cooling of the international economic environment and its impact on the PRC. We have tried to make a conservative estimate tied to GDP growth. Our real driver for growth in this new fiscal year ending June 30, 2013 will be the ramp-up of the Huajie Petroleum facility."

The Company continues to use its working capital to increase its inventory position and product availability based on the current changes in the market price. "We look forward to finalizing the Huajie Petroleum asset purchase, which will add another 100,000 metric tons to our storage capacity and solidify our position as one of the largest private fuel distributors in the PRC," stated Mr. Cai Yongjun, Chairman and CEO of Longwei.

Longwei also recently announced it has received the independent report (the "Tax Reconciliation Report") from Child, Van Wagoner & Bradshaw, PLLC, Certified Public Accountants ("CVB"), commissioned by the Company's Audit Committee. The Tax Reconciliation Report reviewed the Company's management reports compared to taxes paid and financial statements filed in the PRC with the Company's publicly reported filings with the Securities and Exchange Commission (the "SEC") for the periods beginning July 1, 2009 to March 31, 2012.

Tax Reconciliation Report -- Summary Findings:

1. State Administration of Taxation (the "SAT") filed corporate income tax ("CIT") and value added tax ("VAT") Filings - No variance in revenues reported under US Generally Accepted Accounting Principles ("US GAAP").

2. State Administration for Industry and Commerce ("SAIC") Income Statement Filings – On a consolidated income statement basis, there is no difference in revenues, and net income has a 1.1% or less difference between the US GAAP and the PRC financial statements and tax filings.

3. SAIC Balance Sheet Filings - On a consolidated balance sheet basis, there is a less than 1.0% difference in total assets, total liabilities and total stockholders' equity between the US GAAP and the PRC financial statements and tax filings.

* * *

37. On September 13, 2012 the Company filed with the SEC an annual report on Form 10-K for the fiscal year ended June 30, 2012. The Form 10-K was signed by defendants Yongjun and Toups, among others, and reiterated the Company's previously announced financial

results. The Company's Form 10-K also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*.

38. On November 13, 2012 the Company issued a press release titled Longwei Petroleum Announces Financial Results for First Quarter of Fiscal 2013." Therein, the Company, in relevant part, stated:

> **Operating income increased 16.5% to $24.5 million, and book value reaches $3.47 per share**
>
> **Management to host earnings conference call Wednesday, November 14th at 10:00 a.m. EST**
>
> TAIYUAN CITY, China, Nov. 13, 2012 /PRNewswire-FirstCall/ -- Longwei Petroleum Investment Holding Ltd. (NYSE MKT: LPH) ("Longwei" or the "Company"), an energy company engaged in the storage and distribution of finished petroleum products in the People's Republic of China ("PRC"), today announced its financial results for the first quarter ended September 30, 2012.
>
> **First Quarter Fiscal Year 2013 Financial Highlights: (Year-over-Year, 3-Month Results for Quarters Ended September 30, 2012 and 2011)**
>
> - Product sales volume in metric tons ("mt") increased 17.8% to 110,587mt, compared with 93,862mt.
> - Revenues increased 12.4% to $133.4 million, compared with $118.6 million.
> - The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of approximately $70.6 million and $57.6 million, respectively. Agency fees contributed $5.2 million to revenues.
> - Operating income increased 16.5% to $24.5 million, compared with $21.0 million.
> - Non-GAAP net income attributable to common shareholders increased 16.7% to $18.3 million, compared to $15.7 million.
> - Basic GAAP EPS remained unchanged at $0.18 per share for the three months ended September 30, 2012 and 2011. The Company's diluted GAAP EPS increased $0.02 or 13.3% to $0.17 from $0.15 for the three months ended September 30, 2012 and 2011, respectively.
> - Tangible book value per share increased approximately 4.8% to $3.47 per share at September 30, 2012, compared with $3.31 per share at June 30, 2012.
> - Total assets increased $17.7 million or 5.2% to $360.0 million at September 30, 2012, compared with $342.3 million at June 30, 2012.

"Our fiscal first quarter saw the completion of two very important initiatives," stated Mr. Cai Yongjun, Chairman and CEO of Longwei. "First, independent auditors completed a tax reconciliation of our SAT and SAIC filings with our SEC filings. The results verified no material differences. Second, we are very pleased to have completed our cash purchase of the Huajie Petroleum assets, which have nearly doubled our overall capacity to 220,000 metric tons. Together, we believe these accomplishments position us for strong shareholder value improvement."

"China's demand for oil is likely to show its largest increase in two years in the fourth quarter as the country's economic growth begins to pick up, according to industry experts." *China Daily* (November 9, 2012). The article continues, "In the fourth quarter, China is expected to use 9.64 million barrels of oil a day, which would result in the largest quarterly increase since the same period of 2010, according to the International Energy Agency and Sanford C. Bernstein & Co."
"We continue to capitalize on the growing domestic demand for petroleum products in China, and as proven in our first-quarter results, expect strong top-line and bottom-line results in fiscal 2013," stated Michael Toups, Chief Financial Officer of Longwei. "Our Huajie facility has come on-line in October and will be a major catalyst for growth in the quarters ahead."

Summary of First Quarter Results of Operations

Revenues - During the first quarter ended September 30, 2012, Longwei's sales increased 12.4% to $133.4 million, up from $118.6 million in the first quarter of fiscal 2012. The Company's Taiyuan and Gujiao fuel storage facilities contributed revenues of approximately $70.6 million and $57.6 million, respectively, during the first quarter. The sales increase was primarily due to the increase in product sales volume of 17.8% year-over-year as a result of improving economic conditions and regional growth. However, the weighted average sales price per metric ton ("mt") of petroleum products sold decreased approximately 3.8% to $1,159/mt from $1,205/mt for the quarters ended September 30, 2012 and 2011, respectively. The Company continues to allocate product sales between its facilities to better service its customer base.

Longwei's revenues are derived from two segments: direct product sales and agency fees. For direct product sales, the Company purchases, takes physical possession of, and sells diesel, gasoline, fuel oil and solvents. For agency fees, the Company acts as a purchasing agent, earning a fee or commission by allowing intermediaries to use its licenses and buying power to purchase directly from the refineries. During the quarter ended September 30, 2012, compared to the year-ago period, Longwei's product sales increased $15.1 million or 13.3% from $113.1 million to $128.2 million, and agency fees decreased $0.3 million or 5.6% from $5.5 million to $5.2 million.

Total sales volume for the three months ended September 30, 2012 increased 17.8% to 110,587mt from 93,862mt for the three-month period ended September 30, 2011. The increase in volume was primarily due to improving economic conditions and regional growth.
The decrease in the price per mt of petroleum products was due to the average decrease in international crude oil prices and corresponding price decreases set by the PRC to retail petroleum prices. During the timeframe from fiscal year end June 30, 2011 through September 30, 2012, the PRC decreased retail prices four times, but also increased retail prices four times, most recently in August and September 2012.

Cost of Sales - Costs of sales increased by $11.3 million or 11.7% to $108.0 million for the three months ended September 30, 2012 from $96.6 million for the three months ended September 30, 2011. As a percentage of total revenues, total cost of sales between the periods decreased by 0.5% to 80.9% from 81.4%. The decrease in cost of sales as a percentage of revenue was primarily due to the lower weighted average inventory costs from inventory purchased in the prior quarter during a period of declining international prices and a current period of rising retail petroleum prices implemented by the PRC in August and September 2012.
We pay market prices to our refinery suppliers and carefully manage our inventory levels to adjust to pricing fluctuations. The three-month weighted average cost basis per metric ton of petroleum product we sold decreased by $53/mt or 5.2% to $976mt from $1,029/mt during the three months ended September 30, 2012 and 2011, respectively. During the three month period ended September 30, 2012, the Company's gross profit margin on product sales increased 8.2% to 15.8% from 14.6% during the three month period ended September 30, 2011, because of lower average inventory costs due to prior decreases in international crude oil prices. International crude oil prices have subsequently increased, but the PRC has also increased the retail price of petroleum to more accurately reflect the fluctuations in worldwide crude oil prices.

The Company also experienced a drop in agency fee revenues of $0.3 or 5.6% to $5.2 million during the three months ended September 30, 2012 compared to $5.5 million during the three months ended September 30, 2011. When the Company earns higher agency fees, the net effect lowers the percentage of total cost of sales because there are no costs associated with the agency fees.

Operating Expenses - Operating expenses for the first quarter totaled $0.9 million as compared to $1.0 million for the first quarter of fiscal 2012. As a percentage of revenues, operating expenses decreased to 0.7% for the quarter ended September 30, 2012 from 0.8% for the quarter ended September 30, 2011.
The decrease was primarily due to lower professional fees paid during the period.

Operating Income - Operating income for the three months ended September 30, 2012 increased $3.5 million or 16.5% to $24.5 million from $21.0 million for the

three months ended September 30, 2011, due to the increase in product sales volume of 17.8% year-over-year as a result of improving economic conditions and regional growth and the increase in overall gross profit margin of 0.5% due to lower average inventory costs.

Net Income - Net income attributable to common shareholders decreased by approximately $0.1 million or 0.4% to $17.8 million for the three months ended September 30, 2012 from $17.9 million for the three months ended September 30, 2011.

The non-cash expense for the change in the fair value of the warrant derivative liability for the first quarter of 2012 was $0.6 million, compared to the non-cash income reported for the change in the warrant derivative liability of $2.1 million in the first quarter of fiscal 2012. Non-GAAP net income attributable to common shareholders adjusted for the non-cash warrant derivative liability charge increased by $2.6 million or 16.7% to $18.3 million for the three months ended September 30, 2012 from $15.7 million for the three months ended September 30, 2011.

EPS - The Company's basic GAAP earnings per share remained unchanged at $0.18 for the three months ended September 30, 2012 and 2011. The Company's diluted earnings per share increased $0.02 or 13.3% to $0.17 from $0.15 for the three months ended September 30, 2012 and 2011, respectively.

Liquidity and Capital Resources

Cash and cash equivalents totaled $14.4 million at September 30, 2012. As of September 30, 2012, the Company's current assets decreased $5.2 million or 2.5% to $202.8 million from $208.0 million at year end June 30, 2012, primarily due to the use of cash on-hand and conversion of working capital assets during the quarter for the payment of $23.7 million for the balance of the Huajie Petroleum assets.

The Company's current ratio is approximately 22:1 (current assets to current liabilities). Total assets, including the Huajie Petroleum assets, as of September 30, 2012 were $360.0 million. The Company had no long-term debt as of September 30, 2012.

The average age of inventory decreased to 42 days from 55 days during the three months ended September 30, 2012 compared to the three-month period ended September 30, 2011. The Company turned on-hand inventory more quickly, but held more inventory through advances to suppliers by locking in petroleum pricing in the prior quarter when prices were at lower levels. At September 30, 2012, the Company's advances to suppliers were $109.6 million compared to $64.5 million at September 30, 2011.

Longwei completed the purchase of the assets of Huajie Petroleum Co., Ltd. ("Huajie") on September 26, 2012, pursuant to an Asset Purchase Agreement. The Company acquired the assets of Huajie, a fuel storage depot in northern Shanxi Province (located in Xingyuan, Shanxi) including fuel tanks with a 100,000-metric-ton storage capacity. The Company paid RMB 700 million (approximately USD $110.6 million) for the assets. The assets included land use rights for 98 acres of land, 100,000-tonnage fuel tanks with accessory facilities and equipment, a special transportation railway line, and a 3,000-square-meter office building. The Company engaged a third-party, independent valuation firm for the appraisal of the fair market value of the assets acquired, which exceeded the purchase price. The Company used its cash on hand and conversion of working capital assets to finance the acquisition.

2013 Financial Outlook

Longwei expects revenue growth of approximately 26.6% to $646.3 million, and net income growth of approximately 24.2% to $77.6 million, adjusted for the warrant derivative liability, for the fiscal year ending June 30, 2013. This growth rate does not account for any external financing for inventory, which could accelerate growth. The growth is driven primarily by the ramp-up of the Huajie facility and organic growth at the Company's two existing facilities. The Company forecasts it can maintain profitability within the range-band of its historical margins, as proven by its track record during times of volatile fluctuations in the price of international crude oil.

The GDP growth rate for Shanxi Province during 2011 was 13%, according to *China Daily* (March 13, 2012), and it is expected to be approximately 10% for 2012, which outpaces the general economic growth estimates of 7.5% in the PRC. The provincial government has estimated the fixed-asset investment in Shanxi to be RMB 5 trillion (approximately $790 billion) over the next five years, according to *China Daily* (September 13, 2011). The provincial government also recently announced an additional RMB 1 trillion (approximately $158 billion) in local development projects as part of the region's industrial stimulus plan, according to *China Securities News* (August 23, 2012). The Company believes its locations within Shanxi Province are advantageous to the growth of its business model.

The financial guidance for fiscal year 2013 reflects the Company's current estimates based on the conditions and trends known to the Company as of the date of this release. Results are subject to change based upon further review by management and future changes in market and operating conditions.

* * *

39. Also on November 13, 2012 the Company filed with the SEC a quarterly report on Form 10-Q for period ended September 30, 2012. The Form 10-Q was signed by defendants Yongjun and Toups, and reiterated the Company's previously announced financial results. The Company's Form 10-Q also contained Sarbanes-Oxley required certifications, signed by defendants Yongjun and Toups and substantially similar to the certifications described in ¶19, *supra*

40. Defendants' statements described in ¶¶17-39, above, were materially false misleading because they misrepresented or failed to disclose material adverse facts, which defendants knew or recklessly disregarded, including that: (1) the Company exaggerated its November 2012 sales figures for its fuel depot storage facilities in Taiyuan and in Gujiao, Shanxi; (2) defendants failed to disclose a $32 million investment in a tourism business made by Longwei Petroleum's subsidiary, Shanxi Zhonghe Energy Conversion Co., Ltd.; and (3) as a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

Disclosures at the End of the Class Period

41. Then, on January 3, 2012, a report published on the Internet by *GeoInvesting.com* alleged that Longwei has exaggerated its true financial performance by claiming substantial product sales from facilities that, in reality, were either idled or showed minimal activity. According to the report, based on time-lapse video surveillance of the Company's Taiyuan and Gujiao facilities, among other things, between October 26 and December 13, 2012, *GeoInvesting.com* observed a combined total of only five tanker trucks refueling during that period. *GeoInvesting.com* concluded that Longwei exaggerated its Taiyuan and Gujiao facilities'

November 2012 sales "despite recent press releases touting record October and November sales."

42. In addition, based on a comparison of Longwei's regulatory filings with Chinese authorities and the Company's 2011-2012 filings with the SEC, LPH never disclosed a $32 million investment – out of a potential total commitment of $222 million -- in a tourism business made by Longwei's Shanxi Zhonghe Energy Conversion Co., Ltd. ("Zhonghe") subsidiary. According to the report, "[Longwei] never disclosed any details regarding its involvement in the project. Based on public information in China, as of November 2011, Zhonghe invested more than RMB 200 million (USD 32 million) in this tourism project and even planned to invest as much as RMB 1.4 billion (USD 222 million)." As a result of these inconsistencies, *GeoInvesting.com* concluded, the Company's purported business operations are "massively overstated."

43. Following this news, shares of Longwei plummeted $1.68, or 72% in a single day, to a closing price on January 3, 2013 of $0.62 per share, on massive trading volume of more than 14.5 million shares traded.

CLASS ACTION ALLEGATIONS

44. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class consisting of all persons or entities who purchased Longwei common stock during the Class Period and who were damaged thereby (the "Class"). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

45. The members of the Class are so numerous that joinder of all members is impracticable. During the Class Period, Longwei stock was actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Longwei or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

46. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

47. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

48. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the operations, financial performance and prospects of Longwei; and

(c) to what extent the members of the Class have sustained damages and theproper measure of damages.

49. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

LOSS CAUSATION/ECONOMIC LOSS

50. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by plaintiff and the Class.

51. During the Class Period, plaintiff and the Class purchased Longwei common stock at artificially inflated prices and were damaged thereby. The price of the Company's common stock significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

APPLICABILITY OF A PRESUMPTION OF RELIANCE
Fraud-On-The-Market Doctrine

52. The market for Longwei common stock was open, well-developed and efficient at all relevant times. As a result of defendants' materially false and/or misleading statements and/or failures to disclose, Longwei common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Longwei securities and market information relating to Longwei, and have been damaged Longwei:

53. During the Class Period, the artificial inflation of Longwei stock was caused by the material misrepresentations and/or omissions particularized in this Complaint, causing the

damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false and/or misleading statements about Longwei's business, operations and financial performance. These material misstatements and/or omissions created an unrealistically positive assessment of Longwei and its business, operations, and financial performance, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

54. At all relevant times, the market for Longwei stock was an efficient market for the following reasons, among others:

(a) Longwei stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Longwei filed periodic public reports with the SEC and the NYSE;

(c) Longwei regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Longwei was followed by securities analysts employed by major brokerage firms who wrote reports about the Company, and these reports were distributed to the

sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

55. As a result of the foregoing, the market for Longwei common stock promptly digested current information regarding Longwei from all publicly available sources and reflected such information in Longwei's stock price. Under these circumstances, all purchasers of Longwei common stock during the Class Period suffered similar injury through their purchase of Longwei common stock at artificially inflated prices and a presumption of reliance applies.

SCIENTER ALLEGATIONS

56. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Longwei, their control over, and/or receipt and/or modification of Longwei's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Longwei, participated in the fraudulent scheme alleged herein.

NO SAFE HARBOR

57. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no

meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Longwei who knew that those statements were false when made.

FIRST CLAIM

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants

58. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

59. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including plaintiff and other Class members, as alleged herein; and (ii) cause plaintiff and other members of the Class to purchase Longwei common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

60. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort

to maintain artificially high market prices for Longwei common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

61. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Longwei's operations and financial performance and prospects, as specified herein.

62. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Longwei's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Longwei and its operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

63. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and

participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

64. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Longwei operations and financial performance from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and performance throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

65. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Longwei common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's common stock was artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the

integrity of the market in which the securities trade, and/or in the absence of material adverse information that was known to or recklessly disregarded by defendants, but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired Longwei common stock during the Class Period at artificially high prices and were damaged thereby.

66. At the time of said misrepresentations and/or omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known the truth regarding the Company's business and financial performance, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their Longwei stock, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

67. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

68. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's common stock during the Class Period.

SECOND CLAIM

Violations of Section 20(a) of The Exchange Act
Against the Individual Defendants

69. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

70. The Individual Defendants acted as controlling persons of Longwei within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level

positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

71. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

72. As set forth above, Longwei and the Individual Defendants each violated either Section 10(b) or Rule 10b-5, by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: January 9, 2013

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SWORN CERTIFICATION OF PLAINTIFF
LONGWEI PETROLEUM INVESTMENT HOLDING LIMITED SECURITIES LITIGATION

I, CHRIS BASNETT, certify that:
[Please Print Your Name]

1. I have reviewed the Complaint and authorized its filing.

2. I did not purchase Longwei Petroleum Investment Holding Limited, the security that is the subject of this action, at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.

3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.

4. My transactions in Longwei Petroleum Investment Holding Limited during the Class Period set forth in the Complaint are as follows:

I bought 200 shares on 12/4/12 at $ 2.50 per share
I bought ______ shares on __/__/__ at $ ______ per share
I bought ______ shares on __/__/__ at $ ______ per share
I bought ______ shares on __/__/__ at $ ______ per share
I sold 200 shares on 12/31/12 at $ 2.15 per share
I sold ______ shares on __/__/__ at $ ______ per share

(List Additional Transactions On Separate Page If Necessary)

5. I have not served as a representative party on behalf of a class under this title during the last three years, except for the following:______

6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

Dated: 1-8-13

[signature]
[Please Sign Your Name Above]